

Message Text

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51

ACTION NEA-09

INFO OCT-01 EUR-12 ISO-00 EB-07 AEC-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FEAE-00 FPC-01 H-01

INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01

SAM-01 OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-01 XMB-02

OPIC-03 PA-01 PRS-01 USIA-06 SIL-01 LAB-04 FAA-00

DOT-00 IO-10 /118 W

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R 091510Z JAN 75

FM AMEMBASSY ANKARA

TO SECSTATE WASHDC 7484

INFO AMEMBASSY TRIPOLI

AMCONSUL ADANA

AMCONSUL ISTANBUL

AMCONSUL IZMIR

EUCOM

C O N F I D E N T I A L ANKARA 250

E.O. 11652: GDS

TAGS: PFOR, ENRG, TU, LY

SUBJECT: PETROLEUM AND ECONOMIC ASPECTS OF TURKISH-LIBYAN
AGREEMENTS

REF: ANKARA 0127 AND 0245

1. NURES, DEPUTY DIRECTOR BILATERAL ECONOMIC RELATIONS,
MINISTRY OF FOREIGN AFFAIRS, TOLD ECONOMIC/COMMERCIAL COUNSELOR
JANUARY 9 THAT VISIT OF LIBYAN PRIME MINISTER JALUD HAD BEEN
CARRIED OUT IN VERY CORDIAL FASHION AND THAT RESULTS EXCEEDED
GOT'S EXPECTATIONS. NURES SAID HE HAD COORDINATED ALL ECONOMIC
ASPECTS OF AGREEMENTS SIGNED DURING VISIT. AGREEMENTS IN ECONOMIC
AREA WERE FAIRLY GENERAL, AND DETAILS WILL BE WORKED OUT GRADUALLY IN
FUTURE. NEVERTHELESS, A NUMBER OF MATTERS COVERED IN THE AGREE-
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MENTS ARE ALREADY GOING AHEAD.

2. NURES CONFIRMED THAT IT WAS AGREED THAT LIBYA WILL PROVIDE TURKEY WITH THREE MILLION TONS OF CRUDE PETROLEUM AND 200,000 TONS OF FUEL OIL DURING 1975. LIBYA ALSO AGREED TO SUPPLY PETROLEUM TO TURKEY IN YEARS AHEAD AND TO INCREASE QUANTITIES IF NEEDED. NURES SAID THERE WAS NO PROBLEM WITH RESPECT TO THE AMOUNT OF PETROLEUM TO BE SUPPLIED TO TURKEY BY LIBYA. THE LIBYANS SIMPLY SAID IN EFFECT LET US KNOW HOW MUCH YOU WANT. FOR PRACTICAL REASONS, HOWEVER, NEITHER LIBYA NOR TURKEY WISHED TO HAVE TURKEY DEPEND EXCLUSIVELY ON LIBYA AS A SUPPLIER OF CRUDE PETROLEUM. NURES SAID THE AGREEMENT DID NOT DISCUSS OR CONTAIN ANY UNDERSTANDING WITH RESPECT TO PRICE. THIS WILL BE WORKED OUT IN LATER DISCUSSIONS. MOREOVER, THERE WAS NO DISCUSSION OF ANY CREDIT ARRANGEMENTS THAT MIGHT ACCOMPANY THE PETROLEUM TRANSACTIONS.

3. OTHER ECONOMIC FEATURES OF THE AGREEMENT WERE DESCRIBED BY NURES AS FOLLOWS:

(A) A JOINT LIBYAN-TURKISH BANK WILL BE SET UP WITHIN THE NEXT FEW MONTHS WITH OFFICES IN BOTH COUNTRIES. THIS BANK WILL FINANCE BOTH TRADE AND JOINT DEVELOPMENT AND INVESTMENT PROJECTS AS MAY BE AGREED BETWEEN THE TWO COUNTRIES. THE AGREEMENT DID NOT INCLUDE SPECIFIC PROJECTS THAT MIGHT BE FINANCED. PRIMIN JALUD ASKED THE TURKISH AUTHORITIES TO SUPPLY A LIST OF THEIR DEVELOPMENTAL PROJECTS. NURES SAID THAT PETROLEUM AND OTHER ENERGY AND PETRO-CHEMICAL PROJECTS ARE OBVIOUSLY HIGH IN PRIORITY ON THE TURKISH LIST.

(B) THE TURKISH PRESS HAS GREATLY EXAGGERATED THE SCOPE OF THE AGREEMENT ON MANPOWER BY SUGGESTING THAT TURKEY WAS INVITED TO SUPPLY "MOST OF" 600,000 WORKERS REQUIRED BY LIBYA. PRIMIN JALUD HAD SUGGESTED THAT LIBYA MIGHT REQUIRE 600,000 WORKERS OVER THE NEXT FIVE YEARS. THAT DID NOT MEAN THAT LIBYA NEEDED THIS NUMBER OF WORKERS IMMEDIATELY OR THAT TURKEY WOULD BE ABLE TO PROVIDE WORKERS WITH ALL OF THE QUALIFICATIONS DESIRED. NEVERTHELESS, TURKEY WILL SEEK TO PROVIDE WITHIN THE VERY NEAR FUTURE A NUMBER OF TECHNICIANS (DOCTORS, ADMINISTRATORS, ENGINEERS, ETC.) THAT ARE NEEDED TO FILL CRITICAL SHORTAGES IN LIBYAN TECHNICAL EDUCATIONAL OR PRODUCTIVE INSTITUTIONS.

(C) TURKISH FIRMS ARE BEING INVITED TO SUBMIT TENDERS ON PROJECTS FOR ROAD CONSTRUCTION, HOUSING, HOTELS, AND IMPROVEMENTS IN THREE PORTS IN LIBYA. NURES SAID, IN FACT, TURKISH FIRMS ARE ALREADY
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DOING SOME WORK ON THE IMPROVEMENT OF THE MAIN PORT IN LIBYA.

(D) A JOINT OCEAN TRANSPORT COMPANY WILL BE SET UP, PRIMARILY TO CARRY TRADE BETWEEN THE TWO COUNTRIES. THE GOL WILL PLACE CONTRACTS FOR THE CONSTRUCTION OF VESSELS OF UP TO 10,000 TONS WITH SHIPYARDS IN TURKEY.

(E) WITHIN TWO MONTHS AN AIR TRANSPORT AGREEMENT WILL BE SIGNED BETWEEN THE TWO COUNTRIES.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, MINISTERIAL VISITS, ECONOMIC PROGRAMS, TRADE AGREEMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 09 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: woolflhd
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ANKARA00250
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750009-0360
From: ANKARA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750167/aaaacgtv.tel
Line Count: 115
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 ANKARA 0127, 75 AND 0245
Review Action: RELEASED, APPROVED
Review Authority: woolflhd
Review Comment: n/a
Review Content Flags:
Review Date: 15 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 AUG 2003 by izenbei0>; APPROVED <02 DEC 2003 by woolflhd>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PETROLEUM AND ECONOMIC ASPECTS OF TURKISH-LIBYAN AGREEMENTS
TAGS: PFOR, ENRG, TU, LY
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006